

## **FACT SHEET**

### **FINANCING OF FEES FOR ANCILLARY SERVICES**

Ex-Im Bank has established a policy relating to financing fees for banking services, legal services, financial advisor services and technical consultant (engineers, yield consultants, etc.) services that are related to the structuring, evaluation and documentation of the financing for medium- or long-term export transactions (including sovereign-risk aircraft and limited recourse project finance transactions). These services are collectively referred to below as "Ancillary Services."

Requests for the financing of fees for Ancillary Services are subject to the same U.S. content requirements as are applied to financing for other services under Ex-Im Bank's programs. (This would include applying Ex-Im Bank's U.S. content requirements to fees charged by banks guaranteed by Ex-Im Bank.)

An exception to Ex-Im Bank's U.S. content requirements may be granted where (a) Ex-Im Bank requires that a borrower or other party pay for Ancillary Services and the provider of such services has been selected by Ex-Im Bank (for these purposes, only an Ex-Im Bank selected service supplier qualifies -- Ex-Im Bank's acceptance or approval of a supplier chosen by a borrower or some other party is not enough for this exception) or (b) Ex-Im Bank determines that the Ancillary Services are both necessary in order for the underlying export transaction to go forward and cannot reasonably be obtained in the United States. In each such case, the Ancillary Services (collectively referred to below as "Special Ancillary Services") will be treated by Ex-Im Bank as if they consisted of 100% U.S. content, and accordingly, there would be no effect on the amount of foreign content allowed in the underlying transaction. In all other ways Special Ancillary Services are treated in a manner identical to other Ancillary Services.

Among other things, exception (a) would cover situations where Ex-Im Bank has selected a non-U.S. financial advisor or legal counsel. Exception (b) would cover fees of local counsel and foreign financial intermediaries whose services are considered (i) essential to the successful conclusion of a transaction and (ii) not reasonably obtainable in the United States. Although primarily intended to cover certain Ancillary Services provided by foreign suppliers, the Special Ancillary Services exceptions can be applied to services provided by U.S. suppliers if Ex-Im Bank feels that special circumstances warrant doing so.

No utilization with respect to any Ancillary Service fees will be allowed unless and until there has been a utilization in support of the underlying export transaction. The purpose of this is to minimize the risk of there being disbursements with respect to Ancillary Service fees but no additional disbursements in support of the underlying export transaction. This utilization limitation does not apply to limited recourse project finance transactions. Once a letter of credit has been opened or a reimbursement disbursement made with respect to the underlying export transaction, there are no further limitations as to the timing of utilizations with respect to Ancillary Service fees.

As a general rule, Ex-Im Bank will not set ceilings on the amount of fees for Ancillary Services that may be financed in any particular transaction. However, Ex-Im Bank will only finance those fees it considers reasonable. Limitations on the amount of fees financed could be imposed, for example, where the amount of the fees for Ancillary Services is considered excessive as compared to the amount of the financing or where the credit involves risk-sharing.

#### **MORE INFORMATION**

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